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Prime Minister's schedule, December 10

NIKKEI (Page 2) (Full)

December 11, 2009

Local time

Early morning Met with Indonesian President Yudhoyono at Grand Hyatt Bali in Bali, Indonesia. Attended a signing ceremony for economic cooperation.

Later in the morning Delivered a speech at the Bali Democracy Forum. Then attended a general debate.

Afternoon Photo session with leaders of participating nations.

Luncheon hosted by the president. Chairmen's joint press conference.

Departed from Ngurah Rai Airport by government plane.

Japan time

23:07 Arrived at Haneda Airport.

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23:41 Arrived at his official residence.

4) SDP reacts to defense minister's negative view about relocation of Futenma airfield to Guam

YOMIURI (Page 4) (Full)

December 11, 2009

Social Democratic Party (SDP) head Mizuho Fukushima is scheduled to visit on Dec. 17 U.S. Camp Schwab, where Japan and the U.S. decided (in 2006) to relocate the U.S. Marine Corps' Futenma Air Station.

Defense Minister Toshimi Kitazawa expressed a negative view toward the proposed relocation of the Futenma facility to Guam while he was visiting there. In a press conference yesterday, DPJ Secretary General Yasumasa Shigeno fiercely reacted to Kitazawa's comment, remarking: "It should be impossible to reach a conclusion during a quick trip." Fukushima yesterday also met with Yoichi Iha, the mayor of Ginowan City, which hosts the Futenma Air Station. She said: "The Futenma issue should be resolved on the premise that the facility will be moved to Guam." She then indicated that she would ascertain the defense minister's real intention.

If the friction with the SDP becomes even more serious, options available for the prime minister will further decrease. Chief Cabinet Secretary Hirofumi Hirano made a phone call to Kitazawa, who has just returned from Guam, and warned him: "You should not make statements that invite misunderstanding."

The People's New Party has fallen in step with the SDP. Policy Research Council Chairman Mikio Shimoji said in a TV Asahi program yesterday: "Many members of the Okinawa Prefectural Assembly have opposed (the existing relocation plan), so if the governor issues permission for reclamation work, a no-confidence motion (against the governor) will inevitably pass in the assembly."

5) Chief Cabinet Secretary Hirano cautions Defense Minister Kitazawa regarding Futenma remarks

SANKEI (Page 5) (Full)

December 11, 2009

Chief Cabinet Secretary Hirofumi Hirano cautioned Defense Minister Toshimi Kitazawa over the phone "not to make comments that may elicit misunderstanding." Hirano made the phone call after Kitazawa's comment that relocation of the U.S. Marine Corps' Air Station at Futenma to Guam would be difficult incited a backlash from the Social Democratic Party.

Prior to this, at a press conference, SDP Secretary General Yasumasa Shigeno said with regard to Kitazawa's comment: "We need to confirm whether or not he is speaking for the government," indicating that he will ask Kitazawa and the Prime Minister's Office about the comment. The SDP has proposed moving the Futenma air station to Guam or Iwo Jima.

6) PM Hatoyama admits summit with President Obama at COP15 now unlikely, to make Futenma relocation decision before year's end

SANKEI (Page 1) (Abridged)  
December 11, 2009

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Hiroshi Funatsu in Bali

Referring to his previous plan to meet with U.S. President Barack Obama on the issue of the relocation of the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa), Prime Minister Yukio Hatoyama stated on Dec. 10: "The Japanese side is not at the stage of deciding on a government policy (on the relocation issue) yet. It is not a simple matter and we are not at the stage of proposing (a meeting)," indicating that it will be difficult to realize a meeting. He made the above statement to reporters accompanying him on his trip at his hotel in Bali, Indonesia.

The Prime Minister had wanted to set up a meeting with President Obama on Dec. 18 during the summit level meeting of the 15th Conference of Parties to the U.N. Framework Convention on Climate Change (COP15).

Regarding when a decision on the Futenma relocation site will be made, Hatoyama said: "I am thinking of making a decision before the end of the year. (A summit meeting) will come after that."

7) Prime minister rescinds goal of capping new issuance of government bonds at 44 trillion yen

NIKKEI (Top play) (Lead para.)  
December 11, 2009

It was learned on Dec. 10 that Prime Minister Yukio Hatoyama conveyed to concerned ministers his decision to basically withdraw the goal of limiting the new issuance of government bonds in the fiscal 2010 budget to 44 trillion yen - a goal that was set by the prime minister himself. According to the basic policy on the compilation of the budget to be adopted at a cabinet meeting as early as the 15th, the government is likely put on hold stipulating an upper limit for the issuance of government bonds. Efforts to scale down estimated budgetary requests, which have ballooned to the highest-ever level of 95 trillion yen under political leadership, are now encountering difficulties. Amid escalating pressure from the ruling camp for increased spending, the prime minister's leadership has now been put to the test.

8) JOGMEC exchanges memorandums with Mozambique for cooperation for rare metal exploration

YOMIURI (Page 11) (Full)  
December 11, 2009

It was learned on Dec. 10 that the Japan Oil, Gas, Metals National Corporation (JOGMEC) had exchanged memorandums with Mozambique in southern Africa for cooperation for the exploration of mineral resources. The aim is to secure interests in nickel and cobalt, both of which Mozambique has in abundance, as part of its effort to secure stable supplies of rare metals, which are essential for state-of-the-art industries.

In return for the Mozambique government's helping Japanese companies acquire mineral rights, the Japanese government will provide technical cooperation for the exploration of deposits.

To be specific, JOGMEC will invite Mozambique's geological engineers to its exploration center in Botswana, Mozambique's neighbor, and they will jointly analyze areas where there are probable mineral

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reserves. They will try to locate deposits by using an exploration system for analyzing artificial satellite images brought to the

center by JOGMEC.

9) No increase in U.S. flights at Narita Airport

ASAHI (Page 11) (Full)  
December 11, 2009

Japan and the U.S. have been discussing the allocation of landing and departure slots to be increased in 2010 both at Haneda Airport and Narita Airport. They have now entered the final coordination phase with the likelihood that four late night and early morning slots at Haneda will be allotted to the U.S., while no additional slots at Narita will be allocated to it.

The governments of both countries are expected to reach an agreement as early as the afternoon of the 10th, local time (morning of the 11th, Japan time).

Haneda Airport will have 20 additional slots for late night and early morning times starting on Oct. 10, 2010. Of those slots, 14 have been allocated to carriers other than U.S. carriers.

10) Talks on JAL's business tie-up to be postponed until next year

ASAHI (Page 9) (Full)  
December 11, 2009

Japan Airlines is now engaged in talks with Delta Air Lines and American Airlines on a possible business tie-up. On Dec. 10, Japan Airlines decided to postpone a decision until early next year. President Haruka Nishimatsu indicated his stance on reaching a decision by the end of the year at a press conference in November when the carrier released its mid-term account settlement. However, he has decided that it will take more time to look into better conditions amid the intensifying tug-of-war over capital assistance to JAL.

Delta, a member of SkyTeam, an international aviation alliance, had offered assistance totaling 1.02 billion dollars (approximately 89.8 billion yen), including capital investment and funds to cover the losses JAL will likely incur when shifting to SkyTeam from its present alliance. Delta apparently offered improved conditions at talks between the two carriers on the 9th. American Airlines, a member of Oneworld, to which JAL belongs, is trying to retain JAL by offering capital investment worth up to 1.1 billion dollars (roughly 96.8 billion yen). Attention is now focused on whether it will increase its offer to compete with Delta's additional assistance offer.

11) Inclusion of government guarantee framework in second extra budget to be postponed

ASAHI (Page 9) (Full)  
December 11, 2009

The government has been looking into setting up a government guarantee framework for a bridge loan to be extended to support Japan Airline's (JAL) cash flow. The plan is now not expected to be included in the fiscal 2009 second extra budget. The government has apparently determined that it will be necessary to set up the

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guarantee framework after careful examination of the carrier's management.

In November, JAL signed a contract with the Development Bank of Japan to receive a bridge loan of up to 100 billion yen. It intends to reorganize the airline's management under the leadership of the Enterprise Turnaround Initiative Corporation of Japan (ETIC). The government is now considering taking legal measures to attach an ex-post facto government guarantee to the bridge loan in order to provide full assurance for JAL's cash flow.

12) Ozawa-led 600-member delegation arrives in Beijing, members meet with President Hu

SANKEI (Top play) (Lead para.)  
December 11, 2009

Takao Harakawa, Beijing

Ichiro Ozawa, secretary general of the ruling Democratic Party of Japan (DPJ), arrived in Beijing yesterday afternoon and met with Chinese President Hu Jintao at the Great Hall of the People. Ozawa and Hu agreed to strengthen Japan-China relations and promote government-to-government exchanges between the DPJ and the Chinese Communist Party.

Ozawa discussed the House of Councillors election next summer with reporters after the meeting, saying: "I told Mr. Hu that to use an analogy from this country (China), our liberation war is not yet over. The final battle will take place next July. I am doing my best in a role similar to the commander of the People's Liberal Army."

Ozawa also revealed to the reporters that he said to Hu: "The DPJ will be able to deepen relations with (China) if we secure a majority in the Upper House election, because the environment in which we can discuss issues on our own will be established."

Hu said, "Exchanges (between the two countries) have deepened even after the DPJ-led administration was inaugurated. The Japan-China reciprocal relationship has entered a new stage," praising the Hatoyama administration's policy of placing priority on Asia.

13) Hatoyama: Concept of East Asian Community will take shape through promotion of democratization process

MAINICHI (Page 11) (Slightly abridged)  
December 11, 2009

Nusa Dua, Indonesia

Prime Minister Yukio Hatoyama held a joint press conference with Indonesian President Susilo Bambang Yudhoyono, with whom Hatoyama chaired the Bali Democracy Forum. In the press conference, Hatoyama emphasized: "I believe the concept of forming an East Asian Community (proposed by the prime minister) will take shape if the democratization process is promoted (in the region)." Yudhoyono pointed out the ambiguity on how the community would handle the U.S. and China and said: "We would like to discuss how this concept differs from the existing framework."

14) Documents on Japan-U.S. secret agreements on operational plans for contingency on Korean peninsula, introduction of nuclear arms

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found by MOFA

YOMIURI (Top play) (Abridged)  
December 11, 2009

It was learned on Dec. 10 that documents were found on secret agreements between Japan and the U.S. on the U.S. forces' combat operations in the event of a contingency on the Korean peninsula and the introduction of nuclear arms signed in connection with the revision of the bilateral security treaty in 1960. Internal investigations by the Ministry of Foreign Affairs (MOFA) on "secret agreements" between the two countries revealed the existence of these documents. While the government has consistently denied the existence of such documents, if MOFA's experts' committee concludes that the documents are indeed related to the secret agreements, this will be the first time that documents attesting to these agreements have been found inside the government.

The documents found consist of a draft of the "discussion record" which allegedly shows that Japan tacitly agreed to the introduction of nuclear arms and minutes of a meeting on the U.S. forces' combat operations in a contingency on the Korean peninsula at the time of the security treaty revision in 1960.

MOFA is currently investigating the following secret agreements: (1) agreement on the introduction of nuclear weapons signed at the time

of the security treaty revision in 1960; (2) agreement on combat operations in a contingency on the Korean peninsula; (3) agreement on the introduction of nuclear arms in a contingency signed at the time of Okinawa's reversion to Japanese administration in 1972; and (4) agreement on Japan's payment of the cost for restoring U.S. base land to its original state at the time of Okinawa's reversion. It is now very likely that MOFA's committee will judge that documentary evidence has been found for two secret agreements.

MOFA's investigations uncover a document believed to be the "discussion record" signed by then Foreign Minister Aichihiro Fujiyama and U.S. Ambassador Douglas MacArthur II, which attests to the secret agreement on introducing nuclear arms at the time of the security treaty revision. However, since there are no signatures on this document, it is reckoned to be a draft. It is said that the document that was actually signed might have been destroyed.

A similar document has already been made public in the U.S.

With regard to combat operations by U.S. Forces Japan (USFJ), minutes of a meeting between Fujiyama and MacArthur on "exceptions to the rule" in a contingency on the Korean peninsula were found.

The minutes contain a passage to the effect that "Japan will allow the use of military facilities for military operations by the USFJ deemed to be of immediate necessity by the UN Command," which would mean that Japan will allow US forces mobilization without prior consultation. This may have an impact on the present day issue of Japan-U.S. defense cooperation in a contingency on the Korean peninsula.

15) Yomiuri-Gallup poll: 17 PERCENT in Japan, 30 PERCENT in U.S. see bilateral ties as improving under Hatoyama administration

YOMIURI (Page 2) (Full)  
December 11, 2009

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The Yomiuri Shimbun and the Gallup Organization, a U.S. pollster, conducted a telephone-based joint poll in Japan and the United States on Nov. 14-23. In the poll, respondents were asked if they thought Japan-U.S. relations will improve under Prime Minister Hatoyama and his government. To this question, public opinion was split in Japan, with 17 PERCENT saying the bilateral relationship will "improve" and 16 PERCENT saying it will "worsen." In the United States, "improve" accounted for 30 PERCENT, with "worsen" at 12 PERCENT. In a previous poll conducted last November right after President Obama won the presidential race, "improve" accounted for 28 PERCENT in Japan and 50 PERCENT in the United States. The proportion of those who think the Hatoyama government will have a favorable impact on Japan-U.S. relations was low both in Japan and in the United States.

The poll was conducted before the issue of relocating the U.S. military's Futenma airfield became serious. However, when asked the biggest problem between Japan and the United States, the issue of realigning U.S. forces in Japan accounted for 31 PERCENT, topping all other answers. Many people in Japan seem to regard the Futenma issue as a touchstone for Hatoyama diplomacy. In the United States, the question of how to deal with trade and economic issues was top at 27 PERCENT.

However, when asked whether Japan-U.S. relations are in good or bad shape on the whole, "good" accounted for 48 PERCENT while "bad" was at 26 PERCENT in Japan. As seen from these figures, positive answers outnumbered negative ones. In the United States as well, public opinion was affirmative, with "good" marking 51 PERCENT and "bad" at 8 PERCENT. Respondents were also asked if they trust the United States. To this question, 49 PERCENT replied "yes" and 41 PERCENT "no" in Japan. In the United States, 66 PERCENT answered "yes" and 31 PERCENT said "no" when asked if they trust Japan.

Meanwhile, when it comes to relations with China, which is now on the rise, the American public regarded that country as important. In Japan, respondents were further asked which country they thought

would grow in importance politically. 52 PERCENT picked the United States, while 36 PERCENT chose China. In the United States, 57 PERCENT said China and 36 PERCENT Japan. In the economic area, 73 PERCENT of the Japanese respondents picked China and 18 PERCENT the United States, while 69 PERCENT of the American respondents picked China and 25 PERCENT Japan.

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